

# Dealer Newsletter

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Fall 2002  
Vol. 19, Issue 1

Candice S. Miller,  
Secretary of State

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## Changing times means change in name for Bureau of Automotive Regulation

More than 8,000 state employees are retiring this fall under the state's early-out retirement program. The impact is being felt in every part of state government, including the Michigan Department of State (MDOS), where more than 200 employees are retiring.

To compensate for the tremendous administrative loss resulting from the retirements, MDOS has reorganized into four administrations.

The Bureau of Automotive Regulation has been consolidated with the Bureau of Driver Safety into the **Bureau of Regulatory Services** (BRS) in the Legal and Regulatory Affairs Administration.

Automotive Regulation activities are now in two new divisions: the *Automotive Licensing Division* which licenses repair facilities, mechanics, and auto dealers; and the *Automotive Complaint Resolution Division* which investigates, mediates, and resolves complaints against business licensees.

The Department of State will continue to provide the same services to our licensees and customers as in the past. Many dedicated and knowledgeable staff remain to conduct business. No changes in telephone numbers or work hours are anticipated. 

## Dealer Direct offers new service to dealers

A groundbreaking pilot program, Dealer Direct, will allow Michigan's new car dealers to process title and registration paperwork online and issue license plates and tabs directly to customers.

The pilot program is being tested over the next 12 months at Jerome-Duncan Ford of Sterling Heights and Meade Lexus of Lakeside.


Dealer Direct will allow dealers to process title and registration paperwork immediately, eliminating the need to file the forms at their local Secretary of State branch office. With Dealer Direct, dealers will use their computers and Internet provider to conduct transactions. Each dealer will maintain a limited inventory of license plates. A special laser printer will be required to print tabs for license plates.

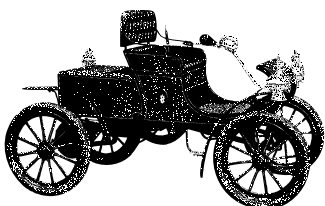
Dealer Direct provides a number of benefits. By allowing dealers to file paperwork online, Dealer Direct eliminates the customary 24 to 48 hour waiting period necessary to deliver paperwork to a branch office to process the transaction. Furthermore, branch

office staff that were once assigned to handle dealer transactions will be freed up to assist the general public. In branch offices with high volumes, it is not unusual to have two clerks exclusively handle dealer transactions.

Dealer Direct also allows dealers to process transactions beyond the normal branch office hours. Under the program, dealers can enter transactions Monday through Saturday from 8 a.m. to 8 p.m.

The Dealer Direct pilot program was made possible by the new branch office computer system which was installed earlier this year. The new system uses powerful servers centrally located in Lansing to network branch office terminals. As a result, programming updates or modifications and system maintenance are conveniently and quickly transmitted throughout the network.

The Dealer Direct system is based on the features and functions of the branch office system to ensure data integrity is maintained. 



## Michigan “Flood” vehicle title brand effective October 1

Effective October 1, Michigan joined several other states by establishing a “flood” title brand to warn consumers that a vehicle suffered water damage.

Public Act 485 of 2002 affects all titled vehicles and trailer coaches meeting the definition of a “Flood Vehicle.” A Flood Vehicle is defined as “a vehicle submerged in water to the point water entered the passenger compartment or trunk over the sill of the trunk floor pan or doorsill, or a vehicle acquired by an insurance company as part of the settlement of a water damage claim.”

Titles for flood-damaged vehicles show a new “FLOOD VEHICLE” brand in the upper right and left corners. Salvage titles for vehicles with flood damage also show a “SALVAGE – FLOOD VEHICLE” brand. Flood-damaged vehicles titled as salvage can be recertified but will always carry the “FLOOD VEHICLE” brand.

Flood damage brands shown on out-of-state titles will be carried forward to the new Michigan title. Michigan titles with a flood brand are orange (like salvage titles) to alert purchasers. If a flood-damaged vehicle is titled as scrap, the scrap title also shows the flood brand.

Instant titles can be issued with a flood brand if the title transaction qualifies for instant title service.

The RD-108 has been revised to include a new vehicle use and history disclosure area (see “RD-108” this page). The TR-11 “Application for Michigan Vehicle Title” and TR-12 “Application for an Original Michigan Scrap or Salvage Title” already contains a box to indicate flood damage.

When acquiring a flood-damaged vehicle through the payment of a claim, an insurance company is required to apply for a flood-branded regular title, flood-branded salvage title, or flood-branded scrap title, depending on the model year and percentage of damage to the vehicle. If the owner is allowed to keep a distressed vehicle with flood damage, the insurance company is required to apply for a flood-branded salvage title or a scrap title, depending on the model year and percentage of damage to the vehicle.

Contact the Michigan Department of State’s Driver and Vehicle Information Center at (517) 322-1460, if you have questions.

## RD-108 changes coming

The vehicle use and history disclosure area of the RD-108 has been changed to add the flood brand to Michigan titles. Dealers are required to mark the “Flood-Damaged Vehicle” check box when submitting an RD-108 for a vehicle which has been previously titled as a flood-damaged vehicle or meets Michigan’s definition of a flood-damaged vehicle. Additionally, it will be necessary to indicate in the Remarks section that the vehicle has been flood-damaged.

The special use box for driver education vehicles has been deleted since Michigan no longer uses a special brand identifying vehicles used by driver education students. Dealers must continue to disclose to their customers that the vehicle was used for the purpose of driver education.

A special entry has been added to the check boxes on the bottom right of the RD-108 to indicate GAP insurance coverage. Supplemental insurance coverage charges should be added to line 13 of the bill of sale and dealers may indicate the additional coverage for GAP insurance by checking the new box.

The Bureau of Regulatory Services recognizes RD-108 forms are expensive, so dealers are being given a reasonable time to acquire the new forms. Dealers should begin using the new RD-108 form as soon as existing supplies are depleted, but no later than June 1, 2003. Until the revised RD-108 is available, dealers may use their existing stock of RD-108s but must clearly indicate “Flood Vehicle” in the Remarks section.

Note that the expanded, 7-digit dealer number should be used when dealers order new RD-108 forms.

## Dealer numbers expanded; renewals mailed

Dealer renewals were mailed in mid-October. If you did not receive your renewal form, please contact the Licensing Section at (517) 373-9460 immediately. If you received your renewal form but have not returned it with the proper fees, you must do so immediately if you wish to renew your dealer license.

Because the Department of State is converting dealer records to a client-

based server system to increase efficiency and the availability of enhanced services, the dealer number for all existing dealers has been expanded to 7 digits on this year’s renewal form. Two zeros have been added after the alpha character (for example, A1234 is now A001234). Make note of this change, and be sure to use your new number when ordering new RD-108 forms.



## Motor home and recreational vehicle size limit raised

Michigan joins 40 other states whose laws have been amended to increase the legal length for motor homes. Previously, the size of motor homes was limited to a length of 40 feet and a width of 102 inches (8.5 feet) under the Michigan Vehicle Code.

Effective June 21, 2002, Public Act 453 increased the legal length of motor homes to 45 feet and added trailer coaches and truck campers to the list of vehicles whose permitted body width cannot exceed 102 inches. The law was further amended to permit buses, motor homes, trailer coaches, and truck campers to have an appurtenance (for example, a slide-out or retractable awning), provided it does not extend more than six inches beyond the 102-inch maximum width.

## Change in dealer plate fees, graphic plates

Public Act 490 of 2002 standardized fees for dealer plates. As of October 1, 2002, the fee for each dealer plate is a flat charge of \$10 for original and renewal dealer plates. The requirement that each dealer must have a minimum of two dealer plates has not changed.

The graphic dealer plate option has been eliminated as a cost-saving measure, effective for the 2003 licensing year. Fewer and fewer of the graphic plates have been requested over the years, and there are considerable costs associated with offering the graphic plates. Original and replacement graphic dealer plates will continue to be offered through the end of the 2002 licensing year, but are not being offered for 2003 original and renewal applications.



## Dealer Program Section works to assist dealers

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The Dealer Program Section staff are (from left to right): **Jean Stanisz**, **Brett Walker**, **Denise Wier**, **Susan Howell**, **Mike Jackson**, and supervisor **Russell Smith**.

The Dealer Program Section (DPS) assists in mediating disputes between dealers and their customers. The section fills a dual role of educating the buying public about what they should know when purchasing a vehicle, and helping dealers with their questions regarding compliance with the law and vehicle sales.

"Helping our dealers is one of the most satisfying aspects of the job," says **Russell Smith**, DPS supervisor. "If we can provide valuable assistance to our licensees about dealing with customers and complying with the law, many consumer complaints can be resolved quickly or avoided altogether."

The Dealer Program Section oversees the activities of approximately 6,000 currently licensed dealers. The section is responsible for monitoring dealership compliance with the requirements of the Michigan Vehicle Code (MVC) and providing dealers with information to assist them with compliance.

The section fields many questions daily on procedural issues, disclosure requirements, record keeping, and basic compliance with the MVC and vehicle sales transactions. The section also provides assistance and technical information to a variety of customers, including branch office staff, law

enforcement, industry associations, attorneys, legislators, and others.

Under the supervision of Smith, DPS staff includes **Susan Howell**, senior analyst; **Denise Wier**, department analyst; **Brett Walker**, department technician; and **Jean Stanisz**, secretary.

Although officially a member of the Repair Program Section, new employee **Mike Jackson** has been assisting the Dealer Program Section and helping with telephone coverage.

## Dealers required to forward titles

Effective October 1, 2002, dealers may no longer hold their customers' title when special mailers are used to return a title to the dealer instead of the customer.

Public Act 552 of 2002 amended the Michigan Vehicle Code to require that, if a dealer has their customer's title returned to them using a special mailer, the dealer must forward the title to the customer within five days.

The new requirement impacts dealers who traditionally operate "buy here, pay here" dealerships and, although the dealership is recorded on the title as the secured party, the dealer typically holds the title until the lien is paid in full.

Such a practice became a violation of the Michigan Vehicle Code on October 1 and may lead to sanctions against the dealer's license.



## **Newly revised Dealer Manual coming soon**

After an extensive overhaul, the Bureau of Regulatory Services is pleased to announce that a revised Dealer Manual should be arriving in dealers' mailboxes in a few weeks. Additional copies can be obtained, either in printed format or on computer diskette, by contacting the Dealer Program Section at (517) 373-9082.

The revised Dealer Manual is now on the Secretary of State's web site at: [www.michigan.gov/sos](http://www.michigan.gov/sos) by clicking on "Services to Businesses."

## **Repeat Offender touch-tone system discontinued**

The Department of State's touch-tone telephone Repeat Offender Registration Status Inquiry system has been discontinued due to high maintenance costs and limited use of the touch-tone system.

Dealers can still access the Repeat Offender database web site at: <https://sosntsl01.sos.state.mi.us/repeat/repeat.asp>.

## **Mandatory dealer and body shop inspections eliminated**


An amendment to Public Act 300 of 1949 changed the Michigan Vehicle Code to eliminate the requirement that the Michigan Department of State (MDOS) inspect every vehicle dealer at least once every four years. Also, an amendment to Public Act 300 of 1974 changed the Motor Vehicle Service and Repair Act (MVSRA) to eliminate the requirement that MDOS inspect every motor vehicle repair facility which performs vehicle body repairs at least once every four years.

The first amendment specifies that MDOS or any law enforcement official may inspect a dealer whenever it is necessary to determine or enforce compliance with the Michigan Vehicle Code or other applicable law.

Before the amendment, MDOS was required to inspect the premises and parts inventories of all facilities engaging in vehicle body repairs at least once every four years. The elimination of the mandatory inspections does not restrict the department's authority to inspect records and inventories of repair facilities.

The MVSRA still permits MDOS and law enforcement officials to make

periodic, unannounced inspections of the premises and inventories of facilities.

Eliminating the mandatory inspection requirements will permit the Bureau of Regulatory Services to more effectively allocate its investigative resources to problem areas and eliminate labor-intensive routine inspections. 

## **Title fees increased**

As of October 1, Public Act 497 of 2002 required a \$1.50 scrap tire fee to be added when processing Michigan vehicle title applications. The vehicle title fee and salvage title fee that was \$10.50 is now \$12, and the scrap title fee of \$15.50 has increased to \$17. Mobile home, watercraft, and off-road vehicle titles are not affected by this change.

The new \$1.50 scrap tire fee replaces the 50-cent fee specified under Public Act 148 of 1990, which expired at the end of March 2002. The scrap tire fee was increased to continue funding the scrap tire regulatory program and to address the ever-growing concerns about massive tire accumulations and public health issues.